

Central Intelligence Agency

133/

Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

March 1985

Selected Support Sectors of the Soviet Economy:
Developments in 1984 []

25X1

Summary

The performance of Soviet basic industrial sectors and transportation in 1984 shows that they enjoyed a continued respite from the growth slowdown of the late 1970s and early 1980s. With the exception of ferrous metals, processed foods, and freight transportation, output in the sectors we examined rose at fairly healthy rates in 1984. As in 1983, relatively good performance was attributable to modernization and expansion of the capital stock, administrative improvements, lack of serious transport bottlenecks, and increased labor productivity. []

25X1

Although the recovery in the economy appears to be continuing, problems remain in all the sectors we examined (ferrous metals, nonferrous metals, chemicals, wood products, construction materials, light industry, processed foods, and freight transportation). These sectors provide important underpinnings for Soviet programs to boost consumption, increase investment, and modernize military forces. But shortages of labor, energy, and raw materials continue to hold down production. The Soviets cannot afford to shortchange any of these support sectors if they expect to come close to meeting goals to raise living standards and to provide the wherewithal for industrial support to the expansion of investment and defense. []

25X1

This memorandum was prepared by the Industry and Transportation Branch, Office of Soviet Analysis. Overall industrial branch growth rates were supplied by the Defense and Economic Accounts Branch, Econometric Analysis Division, SOVA. Comments and questions are welcome and can be directed to Chief, Soviet Economy Division, []

25X1

State Dept. review completed

SOV M-85-10040

25X1

25X1

Introduction

The sectors of Soviet industry considered in this memorandum and freight transportation provide a key supporting framework for the rest of the economy. Basic materials such as steel, cement, and chemicals are critical to construction, machinery production, and agriculture. Output of light industry (soft goods) and processed foods is a major determinant of living standards. Freight transportation, of course, provides the intersectoral linkages of raw materials and finished products. This memorandum looks at the 1984 performance of the ferrous metals, nonferrous metals, chemicals, wood products, construction materials, soft goods, and processed foods branches of industry and freight transportation with a view toward assessing the factors behind the results and the prospects for 1985. [] 25X1

Overview

Performance in these sectors in 1984 was generally good and represented a continuation of the recovery from the relatively poor record of the late 1970s and early 1980s (see table 1). No sector was immune from the slowdown, but output growth uniformly improved in 1983, and, with a few exceptions, these improvements continued in 1984. We attribute the relatively good results of the last two years to modernization and expansion of plant and equipment, administrative tinkering, a lack of serious transport bottlenecks, and increased labor productivity. [] 25X1

The growth of output of nonferrous metals, wood products, construction materials, and light industry products in 1984 either exceeded or matched 1983 levels. Although growth fell in

Table 1

USSR: Growth of Selected Sectors
of Industry and Transportation^a

	(average annual, percent)					
	<u>1971-75</u>	<u>1976-80</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u> ^b
Ferrous metals	4.0	0.7	-0.1	0.1	2.7	0.8
Nonferrous metals	5.9	1.6	0.3	0.8	3.0	3.0
Chemicals	8.6	3.7	4.0	1.7	6.5	4.1
Wood products	2.6	-0.5	1.8	0.6	4.0	4.0
Construction materials	5.6	1.3	0.9	0.3	2.3	2.6
Light industry	2.7	2.7	1.9	-0.5	1.1	3.4
Food industry	4.2	1.4	2.0	2.8	3.0	1.9
Freight transportation ^c	6.6	4.3	3.4	1.3	5.0	2.9

^a The measures of growth in industrial output are based on CIA estimates rather than official Soviet series. The latter are believed to contain an upward bias in rates of growth because of double counting and disguised inflation. The growth rates are formed by combining the value of a sample of products for each branch, with interbranch purchases excluded, using 1970 value-added weights.

^b Preliminary.

^c Growth rates calculated from ton-kilometer data.

25X1

the chemical industry, the 1984 increase of 4.1 percent was the best of all the sectors we examined. Growth declined to 1.9 percent in processed foods output, and ferrous metals production grew by only 0.8 percent. Growth in freight turnover, measured in ton-kilometers, was held to just less than 3 percent, largely because of poor performance by river and road transport. [REDACTED]

25X1

Ferrous Metallurgy

Output in the ferrous metals sector grew by only 0.8 percent in 1984, well below the 2.7-percent rate posted in 1983.¹ After moderate growth much of last year, the sector was unable to obtain the production push in the fourth quarter that had helped boost output in 1983. Shortages of raw materials and energy, lack of spare parts, and inadequate freight car supply were largely responsible. [REDACTED]

25X1

According to the Soviet press, the plans for iron ore and steel pipe production were fulfilled, but we estimate that rolled steel output in 1984 was below plan. Crude steel production rose by 1 percent to 154 million tons (see table 2). Despite the recovery of the last two years from the dismal performance of 1981 and 1982, the ferrous metals industry is unlikely to reach even the revised (downward) output targets for 1985 that were part of the original 11th Five-Year Plan. [REDACTED]

25X1

¹ The measures of growth in industrial output are based on CIA estimates rather than official Soviet series. The latter are believed to contain an upward bias in rates of growth because of double counting and disguised inflation. The growth rates are formed by combining the value of a sample of products for each branch, with interbranch purchases excluded, using 1970 value-added weights. [REDACTED]

25X1

25X1

Table 2

USSR: Ferrous Metals Production

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 Plan</u>	
					<u>Original</u>	<u>Revised</u>
Crude steel (million tons)	148.4	147.2	152.5	154	168	NA
(annual growth, percent)	0.3	-0.9	3.6	1.0		
Rolled steel products (million tons)	103.0	102.3	106.4	107	118	109.4
(annual growth, percent)	0.1	-0.6	4.0	0.5		
Steel pipe (million tons)	18.3	17.9	18.7	18.9	21.9	19.7
(annual growth, percent)	0.5	-1.8	4.4	0.9		
Iron ore (million tons)	242.4	244.4	245.2	247	275	NA
(annual growth, percent)	-0.9	0.8	0.3	0.7		

25X1

25X1

25X1

During 1984, a new steel minimill, built by Western firms, was commissioned at Zhlobin in Belorussia. It has a design capacity of 700,000 tons of crude steel per year. In addition, some steel was produced at the new Oskol Electrometallurgical Complex, but construction problems are likely to further delay its completion. One steelmaking enterprise introduced new, automated processes that resulted in the release of 1,200 workers from labor-intensive operations. Labor productivity at the plant reportedly rose rapidly. [REDACTED]

25X1

Although the Soviets fulfilled their plans for output of both manganese and chromium ore, there were signs during 1984 that these industries were experiencing problems.² [REDACTED]

25X1

[REDACTED] the Soviets continued to import high-grade manganese ore last year. [REDACTED]

25X1

[REDACTED] the USSR is rapidly depleting its domestic sources of high-grade manganese. [REDACTED]

25X1

chromium ore supply problems, caused by depletion and slower-than-expected development of new deposits, had caused a falloff in Soviet chrome exports to Japan. [REDACTED]

25X1

Nonferrous metals

The nonferrous metals sector showed continuing signs of recovery in 1984, with output growth matching the 3-percent rate posted in 1983. According to the Soviet press, the 1984 plan for the extraction of nonferrous metal ores and for the production of

² The Soviets include manganese and chromium ore in the ferrous metals branch of industry because these metals are chiefly used for alloying in steel production. [REDACTED]

25X1

25X1

aluminum, nickel, and rare metals was fulfilled ahead of schedule. We do not know whether the 1984 plan for copper output was fulfilled. Production was affected by another explosion at the Noril'sk metallurgical combine that reportedly put a copper smelter out of operation. [REDACTED]

25X1

As in the previous year, the boost in overall output was accomplished without an increase in the labor force. The 3-percent productivity increase was largely attributed to greater use of the brigade system of organizing labor.³ Soviet literature indicates that production increases in the aluminum, nickel, and copper industries were due to capacity additions, increased use of existing capacity, and reconstruction and modernization of facilities. Progress was made on the construction of the Sayansk aluminum plant that is being built by French and West German firms. [REDACTED]

25X1

Despite the sector's improved performance, shortages of raw materials, energy, and labor still exist. In 1984 the Soviets took steps to help alleviate some of these problems. The USSR

³ The "brigade system" involves organization of small groups of workers at an enterprise. The brigades are assigned resources and tasks according to a contract with enterprise management. A worker's remuneration under the brigade system is tied both to the output of the brigade as a whole and to his individual contribution to that output. Although 60 percent of industrial workers have been organized into brigades, most brigades exist in name only and have not been integrated into actual production. Only half the brigades are operating under contracts, and wages continue to be paid on an individual basis, ignoring the link with brigade performance. A key reason for the limited use of brigades appears to be opposition by managers, who see the contractual arrangements as diluting their authority over workers. [REDACTED]

25X1

25X1

agreed to provide part of the initial cost of constructing a 600,000 ton-per-year alumina plant in Greece. After receiving part of the plant's output in compensation, the USSR probably will continue to import much of its production to support the Soviet aluminum industry. Soviet officials also continue to urge more efficient use of energy and raw materials and greater use of scrap metal in the production of nonferrous metals. [REDACTED]

25X1

Chemicals

Output of the chemical industry increased by 4.1 percent in 1984, down from the healthy growth of 6.5 percent in 1983. Compared with 1983, production of all reported commodities except caustic soda and tires grew less rapidly last year (see table 3). [REDACTED]

25X1

Although growth in the chemical industry has been impressive in the last two years, numerous problems remain. During 1984, transportation problems were frequently blamed for supply bottlenecks. An inadequate supply of rail cars, for example, caused fertilizers to pile up at plants and delayed deliveries to agriculture. Shortages of labor and raw materials led to construction delays and underutilization of capacity. Nevertheless, labor productivity in the chemical industry--as we measure it--grew by 3.1 percent last year. One chemical production association claimed that even though the number of service personnel in the main shops declined by 25 to 30 percent, output rose rapidly as a result of extensive use of labor brigades. [REDACTED]

25X1

25X1

Table 3

USSR: Chemicals Production

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 Plan</u>	
					<u>Original</u>	<u>Revised</u>
Mineral fertilizers (million tons of 100% ingredient)	26.00	26.74	29.74	30.8	36-37	34.1
(annual growth, percent)	5.0	2.8	11.2	3.6		
Pesticides (thousand tons of standard units)	504	533	557	576	652	627
(annual growth, percent)	6.3	5.8	4.5	3.4		
Caustic soda (million tons)	2.76	3.78	2.85	3.0	NA	3.2
(annual growth, percent)	0.1	0.9	2.5	5.2		
Sulfuric acid (million tons)	24.10	23.80	24.71	25.3	NA	NA
(annual growth, percent)	4.6	-1.2	3.8	2.4		
Synthetic resins and plastics (million tons)	4.09	4.06	4.42	4.8	6-6.25	5.2
(annual growth, percent)	12.4	-0.8	8.9	8.6		
Chemical fibers (million tons)	1.21	1.24	1.35	1.4	1.6	NA
(annual growth, percent)	3.1	1.8	9.6	3.5		
Tires (million units)	60.5	61.7	62.0	63.7	67	NA
(annual growth, percent)	0.7	2.0	0.5	2.7		
Synthetic detergents (million tons)	1.08	1.08	1.11	1.1	NA	NA
(annual growth, percent)	6.3	0	2.9	-0.6		

25X1

25X1

Despite rapid growth in output of plastics and resins, production fell short of plan by 3 percent. The Soviets probably will meet their revised goal of 5.2 million tons in 1985, but output will be 15 percent short of the original five-year plan target. Fertilizer output last year was also below plan. Planned new capacity for the production of ammonia and phosphate raw material was not put into operation. Lagging output of sulfuric acid and shortages of phosphate raw material held down production of phosphate fertilizers. Fertilizer output is likely to fall well short of the 10.7-percent planned growth in 1985.

[REDACTED]

25X1

The Soviets are increasing their emphasis on pesticides because of the large potential for increasing agricultural yields, and 1984 output was almost on target. Although caustic soda production posted healthy growth, shortages may have caused problems in nonferrous metals processing. Synthetic detergent output was probably hampered by priority requirements of the oil industry for chemicals used in enhanced oil recovery operations. Output of chemical fibers in 1984 was 2 percent below plan, and the rate of growth represented a substantial slowdown from 1983. [REDACTED]

25X1

Wood Products

With growth in the wood products sector holding at 4 percent for the second straight year, one of the major sources of the industrial slowdown in the late 1970s has become one of the leaders in the recovery. Output of commercial timber reached its highest level since 1978 (see table 4). Better performance in

Table 4

USSR: Wood Products Production

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 Plan</u>	
					<u>Original</u>	<u>Revised</u>
Commercial timber (million trimmed m ³)	277.34	272.58	275.43	280	NA	NA
(annual growth, percent)	-0.1	-1.7	1.0	1.7	NA	NA
Paper (million tons)	5.40	5.44	5.67	5.9	6.2-6.3	NA
(annual growth, percent)	2.1	0.7	4.2	4.1	3.4-3.7	NA
Newsprint (billion m ²)	30.1	30.7	31.6	32.1	NA	NA
(annual growth, percent)	0.3	2.0	2.9	1.6	NA	NA

25X1

logging most likely resulted from the partial opening of the Baikal-Amur Mainline railroad, modernization and expansion of the capital stock, administrative improvements, and better performance of the transport sector. The Soviet press indicates that overall 1984 commercial timber production would have been larger except for a slippage in December because of unseasonably cold temperatures. The prolongation of weather problems into January and February does not augur well for 1985 performance because 35-40 percent of the timber harvest normally takes place in the first quarter of the year. [REDACTED]

25X1

The pulp and paper sector continued to exhibit robust growth in 1984. Newsprint production grew more slowly than in 1983, reflecting a shift in the composition of paper product output. Under the framework of the Food Program and the still-unpublished long-term consumer goods program, emphasis was placed last year on boosting production of paper packaging and such items as writing paper and toilet tissue. The good record of 1984 was the result of accelerated commissionings of new capacity, introduction of new technologies imported from the West that raised labor productivity, and the easing of transportation bottlenecks that in turn boosted the flow of raw materials to the sector. But the weather problems noted above may spell trouble for the pulp and paper industry in 1985. Because of its low priority, the industry is one of the first to be shortchanged when rail congestion develops. Weather-related transport problems have delayed deliveries of raw materials in the past, in

some cases crippling and even halting the processing of pulp and paper products. [REDACTED]

25X1

Construction Materials

Output of construction materials increased by 2.6 percent in 1984, slightly above the growth recorded in 1982. Cement production was up 1.4 percent to 130 million tons, and output of precast ferroconcrete grew 2.1 percent (see table 5). (The Soviets have not yet reported 1984 output of other construction materials.) [REDACTED]

25X1

Although maintaining moderate growth, the construction materials industry received a steady stream of criticism in the Soviet press throughout 1984. The industry was hurt by abnormally cold weather late in the year which increased fuel requirements and delayed deliveries of mineral raw materials. The introduction of new capacities for production of cement, wall materials, and brick apparently did little to alleviate the industry's problems. Nonetheless, the Soviets express cautious optimism for the future in general and 1985 in particular. They hope to introduce a wide variety of new machinery, eliminate the production of outmoded products, and step up measures to save raw material and make better use of secondary resources such as ash and cinders from thermal power plants. But unless investment is increased, we believe that the construction materials industry will continue to slide and will likely drag down other sectors of the economy along with it. [REDACTED]

25X1

Table 5

USSR: Construction Materials Production

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 Plan</u>	
					<u>Original</u>	<u>Revised</u>
Cement						
(million tons)	127.17	123.68	128.16	130	140-142	132
(annual growth, percent)	1.7	-2.7	3.6	1.4		
Precast ferroconcrete						
(million m ³)	124.48	123.57	128.28	131	NA	133
(annual growth, percent)	1.8	-0.7	3.8	2.1		
Wall materials						
(billion conventional bricks)	58.26	58.09	59.58	NA	NA	NA
(annual growth, percent)	0.4	-0.3	2.6			
Roofing materials						
(billion m ²) ^a	1.71	1.70	1.84	NA	NA	NA
(annual growth, percent)	-0.8	-0.4	7.9			
Window glass						
(million m ²)	245	243	247	NA	NA	NA
(annual growth, percent)	0	-0.8	1.6			

^a Including pliable roofing materials and waterproofing.

25X1

Light Industry

The light industry sector posted a 3.4-percent growth rate in 1984, a considerable improvement from the 1.1-percent rate of 1983. Output of textiles and sewn goods--two of the largest subsectors of light industry--increased by nearly 4 percent (see table 6). Other products showed modest increases, and growth rates in all subsectors were higher than those in 1983. []

25X1

Press statements and embassy reporting explain some of the countervailing forces affecting production. On the negative side, the 1984 Soviet cotton crop was down for the third consecutive year and labor shortages worsened, although the leadership did make plans during the year to open new textile plants in labor-surplus Central Asia. Aging and frequently idle equipment, declining technological and raw material support from CEMA allies, and opposition to price and incentive reforms initiated by Andropov further dampened output. On the positive side, increased synthetic fibers production, the introduction of new knitwear and shoe manufacturing capacity, increased supplies of leather from the livestock sector, and ministerial shakeups were factors in better 1984 performance. The industrial experiment in Belorussia also received increased attention. Although 1984 was a good year, the industry may not be able to repeat its record in 1985. It has already been criticized for a slow start in January. Because of the sector's low priority, light industry may be one of the first to feel the effects of bottlenecks that may develop. []

25X1

25X1

Table 6
USSR: Output of Light Industry

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 Plan</u>	
					<u>Original</u>	<u>Revised</u>
Textiles						
(billion m ²)	10.95	11.08	11.36	11.8	12.7	NA
(annual growth, percent)	1.9	1.2	2.5	3.9		
Knitwear						
(billion articles)	1.65	1.61	1.64	1.7	2.06	NA
(annual growth, percent)	1.5	-2.1	2.0	3.3		
Sewn goods						
(billion 1982 rubles)	24.3	24.2	24.2	25.1	NA	NA
(annual growth, percent)	3.4	-0.4	0	3.7		
Leather footwear						
(billion pairs)	738	734	745	764	830	NA
(annual growth, percent)	-0.7	-0.5	1.5	2.6		

25X1

25X1

Food Industry

After a relatively good year in 1983 (when food industry output rose 3 percent), growth in 1984 slowed to 1.9 percent. Individual performance was uneven with meat and fish output rising at healthy rates and production of vegetable oil and margarine down in absolute terms (see table 7). Because roughly 75 percent of raw material comes directly or indirectly from the farm, last year's performance of the food-processing industry partly reflected agricultural performance. Continued gains in output of industrially processed meat were a function of increased livestock feed supplies, in part because of the record harvest of forage crops in 1983 as well as record livestock inventories. Better feed supplies also supported increased output of dairy products, although the rate of growth was down. Canned foods output stagnated as problems in acquiring raw materials, particularly fruits and vegetables, slowed processing. The canned goods subsector also was criticized for failing to deal with the chronic problems of waste and spoilage. Disappointing sunflower seed and cotton crops held vegetable oil production down. [REDACTED]

25X1

Under the framework of the Food Program, additional support to the food-processing industry came during 1984 in the form of increased investment and an upgraded capital stock. Although the industry has not had time to absorb completely the injections of new machinery, it was the recipient of 665 million rubles worth of imported food-processing equipment and a large increase in domestic machinery production. [REDACTED]

25X1

25X1

Table 7

USSR: Processed Food Production

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 Plan</u>	
					<u>Original</u>	<u>Revised</u>
Meat^a						
(million tons)	9.28	9.27	10.11	10.6	NA	9.5
(annual growth, percent)	1.6	-0.2	9.0	4.9		
Sausage						
(million tons)	3.06	3.08	3.19	3.3	NA	NA
(annual growth, percent)	-0.6	0.7	3.7	3.4		
Fish^b						
(billion rubles)	6.1	6.4	6.8	7.0	NA	NA
(annual growth, percent)	2.0	4.9	6.2	2.9		
Animal fats/oils^c						
(million tons)	1.21	1.29	1.46	1.5	NA	NA
(annual growth, percent)	-5.3	6.6	12.8	3.1		
Whole milk products						
(million tons)	25.7	26.4	27.8	28.6	NA	29.4
(annual growth, percent)	0.8	2.7	5.3	2.9		
Margarine						
(million tons)	1.36	1.43	1.48	1.4	NA	NA
(annual growth, percent)	7.8	5.2	3.6	-5.6		
Vegetable oil						
(million tons)	2.61	2.63	2.78	2.7	NA	NA
(annual growth, percent)	-1.7	0.9	5.8	-2.9		
Granulated sugar						
(million tons)	9.5	12.1	12.4	12.5	NA	NA
(annual growth, percent)	-5.9	27.4	2.5	0.8		
Confectionary goods^d						
(million tons)	3.95	4.02	4.10	4.2	NA	NA
(annual growth, percent)	2.3	1.7	1.9	2.5		
Canned foods						
(million tons)	15.86	16.60	17.10	17.1	NA	NA
(annual growth, percent)	3.9	4.7	3.0	0		

^a Industrially processed meat.^b Including canned fish.^c Excluding production from private sources.^d Excluding production in public catering facilities.

25X1

25X1

Freight Transportation

The transport sector posted a 2.9-percent increase in freight turnover during 1984--slightly below planned growth of 3.1 percent (see table 8). Despite the apparent stability of near planned growth, performance among the major carriers was mixed. The highest growth for the general cargo carriers was 1.1 percent for the railroads, but growth in freight turnover (measured in ton-kilometers) for river and highway carriers declined by 3.0 and 2.8 percent, respectively. Among the pipeline carriers, performance was also uneven, with growth in turnover for gas accelerating to 15.5 percent while that for oil dropped to 1.2 percent. It is unlikely that any of the domestic carriers--except gas pipelines--fulfilled their freight turnover plans for 1984. One reason for the below-plan performance--particularly for the railroads--was lower-than-expected production by industrial enterprises. [REDACTED]

25X1

In contrast to the 1976-82 period, the transport system did not show major signs of strain during most of the year. The rail system, which carries almost one-half of all freight traffic--and 80 percent of industrial materials--got off to a very good start in the first quarter of 1984. This momentum spurred above-plan performance through at least September. Improvements in efficiency indicators, such as average train speed and freight car turnaround time, were also sustained. Although the seasonal crunch of meeting heavy passenger and agricultural demand during the summer and early fall increased the strain on the system and backed up some shipments, the railroads did not falter badly

25X1

Table 8

USSR: Freight Transportation Turnover

(billion ton-kilometers)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 Plan</u>	
					<u>Original</u>	<u>Revised</u>
Total	6,699.5	6,785.7	7,126.7	7,330	7,344	NA
Rail	3,503.2	3,464.5	3,600.1	3,641	3,664	3,650
Maritime	853.5	834.5	891.7	916 ^a	NA	NA
River	255.6	262.4	273.2	265	NA	NA
Highway ^b	140	143	142	138	NA	NA
Air	3.1	3.0	3.2	3 ^a	NA	NA
Oil pipelines	1,263.2	1,306.8	1,353.1	1,370	NA	NA
Gas pipelines	680.9	771.5	863.4	997	NA	NA

(annual growth, percent)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Total	3.4	1.3	5.0	2.9
Rail	1.8	-1.1	3.9	1.1
Maritime	0.6	-2.2	6.9	NA
River	4.4	2.7	4.1	-3.0
Highway ^b	6.9	2.1	-0.7	-2.8
Air	-0.3	-1.6	5.3	NA
Oil pipelines	3.9	3.5	3.5	1.2
Gas pipelines	14.1	13.3	11.9	15.5

^a Estimated.^b Excluding the non-common carrier highway fleet.

25X1

25X1

until December, when severe winter weather apparently exacted a heavy toll on the long-haul routes through Siberia, Kazakhstan, and the Urals. The disruptions were sufficient to pull rail freight turnover for the entire year below plan. In contrast, shipment volumes (tons originated)--not as rapidly affected by the bad weather--were up by 2 percent and above plan. []

25X1

Freight carried by the centrally directed river and highway fleets both declined in 1984, but the amounts remain small in relation to total freight traffic--the two carriers together account for less than 10 percent of all transport turnover. The decline in river traffic--the first in six years--probably resulted from an abbreviated shipping season in the first half of the year. []

25X1

The decline in highway traffic for the second straight year appears to be more serious. The Soviets had hoped to boost the performance of the common carrier fleet through a program to cut irrational hauls, curb cheating on mileage logs, and increase the efficiency of fuel use. Indeed, the decline in turnover might equate to increased efficiency as long as shipments decline less or rise. However, shipments fell by 4 percent--faster than the decline in traffic. []

25X1

SECRET**Distribution for "Selected Support Sectors of the Soviet Economy:
Developments in 1984"****Internal**

Copy 1 - D/SOVA (4E58 HQ)
2 - DD/SOVA (4E58 HQ)
3 - NIO/USSR (7E47 HQ)
4 - NIO/Economics (7E47 HQ)
5 - NIO/Warning (7E47 HQ)
6 - DDI Registry (7E47 HQ)
7 - VCh, NIC (7E47 HQ)
8 - Ch, Product Evaluation Staff (7G15 HQ)
9 - Ch, CRES (3E63 HQ)
10 - Senior Review Panel (5G00 HQ)
11 - [REDACTED] 25X1
12 - CPAS/CSG (7F30 HQ)
13 - D/CPAS (7G15 HQ)
14 - D/OIA [REDACTED] 25X1
15 - D/OGI (3G03 HQ)
16 - D/EURA (5G44 HQ)
17 - D/OSWR (5G15 HQ)
18 - D/OEA (4F18 HQ)
19 - D/NESA (6G02 HQ)
20 - D/ALA (3F45 HQ)
21 - OCR/DSD (6E47 HQ)
22 - FBIS/AG (1014 Key)
23 - 27 - CPAS/IMD/CB (7G15 HQ)
28 - ORD Library (612 Ames)
29 - DDO/SE (5B02 HQ)
30 - D/NPIC [REDACTED] 25X1
31 - Ch, OIA/ERD/IB [REDACTED] 25X1
32 - Ch, SOVA/EAD [REDACTED]
33 - Ch, SOVA/EA/G [REDACTED]
34 - Ch, SOVA/EA/D [REDACTED] 25X1
35 - Ch, SOVA/DID (4E31 HQ)
36 - Ch, SOVA/TFD (5E25 HQ)
37 - Ch, SOVA/SFD (4E13 HQ)
38 - Ch, SOVA/PAD (4E65 HQ) 25X1
39 - Ch, SOVA/TWAD (4E12 HQ)
40 - Ch, SOVA/SED [REDACTED] 25X1
41 - SA/SED [REDACTED] 25X1
42 - 48 - SOVA/SE/I [REDACTED]
49 - EURA/EE/CEMA [REDACTED] (6G42 HQ) 25X1
50 - SOVA/SE/M [REDACTED]
51 - SOVA/SE/R [REDACTED] 25X1
52 - SOVA/SE/T [REDACTED] 25X1
[REDACTED] 25X1
55 - Executive Secretary, PFIAB (BW09 CHB)

SECRET

SECRET**External**

- 55- Colonel Ty Cobb, East-West Section, NSC (Room 373 Executive Office Building)
- 56- Paula J. Dobriansky, European and Soviet Affairs, NSC (Room 368 Executive Office Building)
- 57- Kenneth de Graffenreid, Intelligence Programs, NSC (Room 300 Executive Office Building)
- 58- Thomas W. Simons, EUR/SOV, Department of State (Room 4217 State)
- 59- Donald Kursch, EUR/SOV, Economic Affairs, Department of State (Room 4223 State)
- 60- Harry Montgomery, c/o EUR/RPE, Department of State (Room 6428D State)
- 61- Jeremy Azrael, Policy Planning Council, Department of State (Room 7315 State)
- 62- John Danylyk, INR/EC/RE, Department of State (Room 8662 State)
- 63- Robert H. Baraz, INR/SEE, Department of State (Room 4758 State)
- 64- Douglas R. Mulholland, Special Assistant to the Secretary (National Security) (Room 4324 Main Treasury)
- 65- Robert Gallagher, Deputy Chief, Office of Intelligence Liaison (Room 3520 Main Commerce)

25X1

- 73- Ms. Linda Wetzel, Policy Assistant for USSR-EE Affairs, OASD/ISP/EUR-NATO Regional Policy (Room 1D469 Pentagon)
- 74- Andrew Marshall, Director Net Assessment, OUSD (Policy) (Room 3A930 Pentagon)

SECRET